

*The Ohio Valley Bank Company  
420 Third Avenue  
Gallipolis, OH 45631*

July 29, 2004

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, N.W.,  
Washington, D.C. 20551

Via e-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Subject: [Regulation DD; Docket No. R-1197] Truth in Savings

Dear Ms. Johnson,

This comment letter is submitted on behalf of Ohio Valley Bank Company, Gallipolis, Ohio in response to the Board of Governors' of the Federal Reserve System request for comment concerning the proposed changes to Federal Reserve Regulation DD.

Ohio Valley Bank is a \$700 million dollar community bank. We began offering the 'Bounce Protection Program' in October, 2000 which has been well received by our customers.

In general, we concur with the Board of Governors' statement that additional information about the costs of overdraft services is best provided to the consumer under TISA and Reg DD as opposed to TILA and Reg Z.

## **Section 230.2 Definitions**

### 2(b) Advertisements

Comment: Our main concern is the proposal as written might only be applied to those banks that have an automated overdraft program and advertise or otherwise market the product to the consumer. This requirement should apply to all financial institutions regardless of whether their program is administered manually or through automation, and whether an OD limit is disclosed or not.

The Board's proposal to revise the definition of an advertisement to cover communications with existing consumers should not include routine notices informing the customer of an overdraft item and the related NSF fee. Defining this notice as an 'advertisement' would require additional disclosures with each mailing. This additional

disclosure is inappropriate and unnecessary. The Board should clearly define the specific communications to a consumer that will be considered 'advertising'.

#### **Section 230.4 Account Disclosures**

##### 4(b) Content of Account Disclosures

##### 4(b)(4) Fees

Comment: We agree with the disclosure of the NSF fee and the indication that the fee may be charged on ATM, POS, and etc. transactions. We currently provide this information to our customers.

#### **Section 230.6 Periodic Statement Disclosures**

##### 6(a) General Rule

##### 6(a)(3) Fees Imposed

Under proposed § 230.6(a)(3)(ii), institutions would be required to **disclose overdraft fees or returned-item fees on periodic statements on an aggregate basis for the statement period.**

The comment would be revised to reflect the proposed revisions to the regulation concerning **overdraft fees and returned-item fees and to clarify that these two types of fees may not be grouped together as fees for insufficient funds.**

Comment: We believe providing this information could benefit the customer by creating an additional awareness of total fees incurred when they write checks or otherwise withdraw funds without having sufficient funds in their account. We notify our customers by mail when these fees are assessed and they appear again as individual line items on periodic statements. While we would support the reporting of NSF fees and returned item fees in the aggregate on the customer's statement, we do not agree with the segregation and separate disclosure of these fees. Segregation of these fees would not serve any purpose and most likely would confuse the customer.

Banks will incur significant programming expense to comply with this requirement. We recommend that banks be given at least 12 to 18 months to comply as there will be few, if any, that have software programs to support this functionality.

Again, the requirement to report fees in the aggregate on periodic statements should apply to **ALL** banks, not just those who offer an automated overdraft program. All consumers should receive the benefit from this disclosure, if it is to be required at all.

To highlight the overall cost to consumers of presenting items on an account with insufficient funds on a routine basis, proposed § 230.6(a)(3)(ii) would require institutions' periodic statements to show the **total amounts for overdraft fees and returned-item fees for the calendar year to date.**

The Board requests comment on whether **the requirement to disclose cumulative year-to-date fee totals should be limited to institutions that market overdraft payment services**, and thereby encourage the routine use of the service.

Comment: We would support the reporting of YTD NSF fees and YTD returned item fees in the aggregate on the customer's statement. We do not agree with the segregation and separate disclosure of these fees. Segregation of these fees would serve no purpose to the consumer.

These disclosures should be required of **ALL** institutions and **not** discriminate against those that disclose limits in advance. All consumers should receive the benefit from this disclosure, if it is to be required at all.

As stated above, financial institutions should be given at least 12 to 18 months to comply with this requirement as current software systems generally do not support this functionality.

## **Section 230.8 Advertising**

### 8(a) Misleading or Inaccurate Advertisements

#### 8(a)(1)

Comment: We agree that banks should not provide consumers with misleading or inaccurate advertisements.

#### 8(a)(2)

TISA's limitation on advertising an account as free is implemented in § 230.8(a). This provision would be redesignated as § 230.8(a)(2), without any substantive change.

#### 8(f)

Additional Disclosures in Connection with Automated Overdraft Services.

...in order to ensure that advertisements promoting overdraft protection services are not misleading, the Board is proposing to revise Regulation DD to require certain disclosures in advertisements for automated overdraft payment services. To reduce consumer confusion about the costs, terms, and limitations of the service and how it differs from a traditional line of credit, advertisements would be required to disclose (1) the fee for the payment of each overdraft item; (2) the types of transactions covered; (3) the amount of time the consumer has to repay or cover any overdraft; and (4) the circumstances under which the institution would not pay an overdraft.

Comment: We agree with disclosure of Items 1, 2 and 3 as listed above. We **do not** agree with Item 4 as it could be constituted as a contractual agreement legally binding on the bank to pay certain items. This would be in direct conflict with the discretionary aspects of this product. Financial institutions must retain the discretion to pay or not pay any overdraft item.

We respectfully submit our comments and thank you for the opportunity to voice our concerns. If you have any questions, I may be reached at 740.446.2631, ext. 314.

Very truly yours,

Patricia L. Davis

Vice President, Research and Technical Applications